

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL -- MAKE CHANGES AS NECESSARY



W-01392A
Oak Creek Water Co., No 1
90 Oak Creek Blvd
Sedona AZ 863360000

APR 15 2005

ALL INFORMATION FOR ARIZONA
CORPORATION COMMISSION

ANNUAL REPORT

FOR YEAR ENDING

12	31	2004
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FOR COMMISSION USE

ANN04	04
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COMPANY INFORMATION

Company Name (Business Name) <u>Oak Creek Water Co., No. 1</u>		
Mailing Address <u>90 Oak Creek Blvd.</u> (Street)		
<u>Sedona, AZ</u> (City)	<u>86336</u> (State)	<u></u> (Zip)
<u>(928) 282-3404</u> Telephone No. (Include Area Code)	<u>(928) 282-3404</u> Fax No. (Include Area Code)	<u>(928) 300-3835 or 300-3838</u> Pager/Cell No. (Include Area Code)
Email Address <u>ocw @ swiftwireless.com</u>		
Local Office Mailing Address _____ (Street)		
_____ (City)	_____ (State)	_____ (Zip)
<u></u> Local Office Telephone No. (Include Area Code)	<u></u> Fax No. (Include Area Code)	<u></u> Pager/Cell No. (Include Area Code)
Email Address _____		

MANAGEMENT INFORMATION

Management Contact: <u>John Madzik</u> (Name)			<u>president</u> (Title)
<u>55 Ross Circle, Sedona, AZ</u> (Street) (City) (State)			<u>86336</u> (Zip)
<u>(928) 282-3404</u> Telephone No. (Include Area Code)	<u>(928) 282-3404</u> Fax No. (Include Area Code)	<u>(928) 300-3838</u> Pager/Cell No. (Include Area Code)	
Email Address <u>ocw @ swiftwireless.com</u>			
On Site Manager: <u>Steve Yerich</u> (Name)			
<u>2860 Hwy 179, Sedona, AZ</u> (Street) (City) (State)			<u>86336</u> (Zip)
<u>(928) 282-3404</u> Telephone No. (Include Area Code)	<u>(928) 282-3404</u> Fax No. (Include Area Code)	<u>(928) 300-3835</u> Pager/Cell No. (Include Area Code)	
Email Address <u>ocw @ swiftwireless.com</u>			

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

Statutory Agent: Ronald N. Rovey
 (Name)

1785 W. Highway 89A, Ste. 3-I, Sedona, AZ 86336
 (Street) (City) (State) (Zip)

(928) 282-1155
 Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)

Attorney: same as Statutory Agent
 (Name)

(Street) (City) (State) (Zip)

Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

OWNERSHIP INFORMATION

Check the following box that applies to your company:

- | | |
|---|---|
| <input type="checkbox"/> Sole Proprietor (S) | <input type="checkbox"/> C Corporation (C) (Other than Association/Co-op) |
| <input type="checkbox"/> Partnership (P) | <input type="checkbox"/> Subchapter S Corporation (Z) |
| <input type="checkbox"/> Bankruptcy (B) | <input checked="" type="checkbox"/> Association/Co-op (A) |
| <input type="checkbox"/> Receivership (R) | <input type="checkbox"/> Limited Liability Company |
| <input type="checkbox"/> Other (Describe) _____ | |

COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

- | | | |
|-------------------------------------|---|-----------------------------------|
| <input type="checkbox"/> APACHE | <input type="checkbox"/> COCHISE | <input type="checkbox"/> COCONINO |
| <input type="checkbox"/> GILA | <input type="checkbox"/> GRAHAM | <input type="checkbox"/> GREENLEE |
| <input type="checkbox"/> LA PAZ | <input type="checkbox"/> MARICOPA | <input type="checkbox"/> MOHAVE |
| <input type="checkbox"/> NAVAJO | <input type="checkbox"/> PIMA | <input type="checkbox"/> PINAL |
| <input type="checkbox"/> SANTA CRUZ | <input checked="" type="checkbox"/> YAVAPAI | <input type="checkbox"/> YUMA |
| <input type="checkbox"/> STATEWIDE | | |

COMPANY NAME: Oak Creek Water Co. No. 1

UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
301	Organization	-	-	-
302	Franchises	4,277	1,354	2,923
303	Land and Land Rights	15,501	-	15,501
304	Structures and Improvements	224,747	69,773	154,974
307	Wells and Springs	101,588	25,667	75,921
311	Pumping Equipment	48,668	34,440	14,228
320	Water Treatment Equipment	-	-	-
330	Distribution Reservoirs and Standpipes	160,246	121,227	39,019
331	Transmission and Distribution Mains	568,888	371,555	197,333
333	Services	15,352	9,892	5,460
334	Meters and Meter Installations	28,858	27,049	1,809
335	Hydrants	5,759	4,704	1,055
336	Backflow Prevention Devices	-	-	-
339	Other Plant and Misc. Equipment	-	-	-
340	Office Furniture and Equipment	4,422	3,080	1,342
341	Transportation Equipment	25,636	25,636	-
343	Tools, Shop and Garage Equipment	45,856	45,450	406
344	Laboratory Equipment	-	-	-
345	Power Operated Equipment	-	-	-
346	Communication Equipment	33,300	20,721	12,579
347	Miscellaneous Equipment	1,493	1,493	-
348	Other Tangible Plant	-	-	-
	TOTALS	1,284,591	762,041	522,550

This amount goes on the Balance Sheet Acct. No. 108

COMPANY NAME: Oak Creek Water Co. No. 1

CALCULATION OF DEPRECIATION EXPENSES FOR CURRENT YEAR

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1 x 2)
301	Organization Costs	-		-
302	Franchises	4,277	0.00%	-
303	Land and Land Rights	15,501	0.00%	-
304	Structures and Improvements	224,747	3.33%	7,484
307	Wells and Springs	101,588	3.33%	3,383
311	Pumping Equipment	48,668	12.50%	6,083
320	Water Treatment Equipment	-		-
330	Distribution Reservoirs and Standpipes	160,246	2.22%	3,557
331	Transmission and Distribution Mains	568,888	2.00%	11,378
333	Services	15,352	3.33%	511
334	Meters and Meter Installations	28,858	8.33%	2,404
335	Hydrants	5,759	2.00%	115
336	Backflow Prevention Devices	-		-
339	Other Plant and Misc. Equipment	-		-
340	Office Furniture and Equipment	4,422	6.67%	295
341	Transportation Equipment	25,636	20.00%	-
343	Tools, Shop and Garage Equipment	45,856	5.00%	23
344	Laboratory Equipment	-		-
345	Power Operated Equipment	-		-
346	Communication Equipment	33,300	10.00%	3,330
347	Miscellaneous Equipment	1,493	10.00%	-
348	Other Tangible Equipment	-		-
	TOTALS	1,284,591		38,563

This amount goes on Comaprative Statement of Income and Expense
Acct. No, 403.

COMPANY NAME: Oak Creek Water Co. No. 1

BALANCE SHEET

Acct. No.	ASSETS	BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	CURRENT AND ACCRUED ASSETS		
131	Cash	\$ 75	\$ 75
134	Working Funds	59,406	75,320
135	Temporary Cash Investments	243,871	297,083
141	Customer Accounts Receivable	20,348	19,037
146	Notes/Receivables from Associated Companies		
151	Plant Material and Supplies	8,582	8,582
162	Prepayments		
174	Miscellaneous Current and Accrued Assets	2,875	2,981
	TOTAL CURRENT AND ACCRUED ASSETS	\$ 335,157	\$ 403,078
	FIXED ASSETS		
101	Utility Plant in Service	\$ 1,270,742	\$ 1,284,591
103	Property Held for Future Use		
105	Construction Work in Progress	-	-
108	Accumulated Depreciation - Utility Plant	(723,478)	(762,041)
121	Non-Utility Property		
122	Accumulated Depreciation - Non Utility		
	TOTAL FIXED ASSETS	\$ 547,264	\$ 522,550
	TOTAL ASSETS	\$ 882,421	\$ 925,628

BALANCE SHEET (CONTINUED)

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	LIABILITIES		
	CURRENT LIABILITIES		
231	Accounts Payable	\$ -	\$ -
232	Notes Payable (Current)		
234	Notes/Accounts Payable to Associated Companies		
235	Customer Deposits	1,600	1,480
237	Accrued Taxes	9,112	7,919
241	Miscellaneous Current and Accrued Liabilities	723	150
	TOTAL CURRENT LIABILITIES	\$ 11,435	\$ 9,549
	LONG-TERM DEBT (Over 12 Months)		
224	Long Term Note & Bonds	\$ -	\$ -
	DEFERRED CREDITS		
251	Unamortized Premium on Debt	\$ -	\$ -
252	Advances in Aid of Construction	218,092	218,031
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction	355,130	355,130
272	Less: Amortization of Contributions	(269,319)	(281,145)
281	Accumulated Deferred Income Tax		
	Total Deferred Credits	\$ 303,903	\$ 292,016
	Total Liabilities	\$ 315,338	\$ 301,565
201	Common Stock Issued	\$ -	\$ -
211	Paid in Capital in Excess of Par Value	17,605	17,605
215	Retained Earnings	549,478	606,456
218	Property Capital (Sole Props and Partnerships)	-	-
	Total Capital	\$ 567,083	\$ 624,061
	TOTAL LIABILITIES AND CAPITAL	\$ 882,421	\$ 925,626

COMPANY NAME: Oak Creek Water Co. No. 1

COMPARATIVE STATEMENT OF INCOME AND EXPENSES

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 270,476	\$ 281,058
460	Unmetered Water Revenue		
474	Other Water Revenues	7,692	7,454
	TOTAL REVENUES	\$ 278,168	\$ 288,512
	OPERATING EXPENSES		
601	Salaries and Wages	\$ 100,789	\$ 104,163
610	Purchased Water	-	
615	Purchased Power	36,383	34,329
618	Chemicals	-	-
620	Repairs and Maintenance	3,169	13,443
621	Office Supplies and Expenses	10,015	9,941
630	Outside Services	4,400	5,878
635	Water Testing	2,160	2,489
641	Rents	25	25
650	Transportation Expenses	2,295	2,976
657	Insurance - General Liability	4,596	5,124
659	Insurance - Health and Life	6,014	6,649
666	Regulatory Commission Expense - Rate Case	10	619
675	Miscellaneous Expense	2,574	3,669
403	Depreciation Expense	36,950	38,563
408	Taxes Other Than Income	7,960	8,153
408.11	Property Taxes	11,279	10,417
409	Income Tax		
	TOTAL OPERATING EXPENSES	\$ 228,619	\$ 246,438
	OTHER INCOME/EXPENSES		
419	Interest and Dividend Income	\$ 1,168	\$ 3,121
421	Non-Utility Income	10,839	11,826
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense	(59)	(43)
	Total Other Income/Expenses	\$ 11,948	\$ 14,904
	Net Income/Loss	\$ 61,497	\$ 56,978

COMPANY NAME Oak Creek Water Co., No. 1

SUPPLEMENTAL FINANCIAL DATA

Long-Term Debt

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued	N/A			
Source of Loan				
ACC Decision No.				
Reason for Loan				
Dollar Amount Issued	\$	\$	\$	\$
Amount Outstanding	\$	\$	\$	\$
Date of Maturity				
Interest Rate	%	%	%	%
Current Year Interest	\$	\$	\$	\$
Current Year Principle	\$	\$	\$	\$

Meter Deposit Balance at Test Year End

\$ -0-

Meter Deposits Refunded During the Test Year

\$ -0-

COMPANY NAME Oak Creek Water Co., No. 1

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
55-603919	30	130	125	8" - 7"	3"	1964
55-603920	20	80	600	8" - 7"	3"	1978
55-562092	75	320	590	10"	4"	1998

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
N/A		

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
20	2	47	
10	2		
10	2		
5	2		

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
150,000	1	5,000	1
84,000	1	1,600	1
60,000	2	1,500	1

COMPANY NAME

Oak Creek Water Co. No. 1

WATER COMPANY PLANT DESCRIPTION (CONTINUED)**MAINS**

Size (in inches)	Material	Length (in feet)
2	GAV	650
3		
4	PVC	6,104
5		
6	PVC	42,913
8	PVC	3,190
10		
12		
1 1/4	GAV	700
2	PVC	820
8	Ductile Iron	303

CUSTOMER METERS

Size (in inches)	Quantity
5/8 X 3/4	
3/4	639
1	18
1 1/2	18
2	8
Comp. 3	
Turbo 3	
Comp. 4	10
Tubo 4	
Comp. 6	2
Tubo 6	

For the following three items, list the utility owned assets in each category.

TREATMENT EQUIPMENT:

STRUCTURES:

Office/Storage	76' x 26'	Pump House	6' x 8'
Well House	6' x 8'	Metal Storage Shed	8' x 10'
Pump House	6' x 9'		
Pump House	10' x 10'		

OTHER:

COMPANY NAME: Oak Creek Water Co. No. 1

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2004

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD	GALLON PUMPED (Thousands)
JANUARY	688	4,679,400	5,302,800
FEBRUARY	694	4,372,000	4,814,000
MARCH	693	6,657,000	7,282,900
APRIL	692	6,336,700	7,033,100
MAY	697	8,237,400	8,827,400
JUNE	693	13,819,500	13,911,400
JULY	697	13,163,600	14,465,400
AUGUST	699	12,280,700	13,774,100
SEPTEMBER	698	10,207,500	10,948,500
OCTOBER	699	7,208,700	7,734,800
NOVEMBER	699	5,677,900	6,450,900
DECEMBER	694	4,908,200	5,059,200
TOTAL		NA	105,604,500

Is the Water Utility located in an ADWR Active Management Area (AMA)?

() Yes (x) No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?

() Yes (x) No

If yes, provide the GPCPD amount: _____

What is the level of arsenic for each well on your system. _____ mg/l

(If more than one well, please list each separately.)

Testing for 2004 Well #2 .0094, Well #3 .012, Well #4 .0093

Note: If you are filing for more than one system, please provide separate data sheets for each system.

COMPANY NAME Oak Creek Water Co. No. 1 YEAR ENDING 12/31/2004

PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 2004 was: \$ 10,863.34

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. _____

2003 and 1/2 19

OAK CREEK WATER CO., NO. 1

90 OAK CREEK BLVD.
SEDONA, AZ 86336
(928) 282-3404

BANK OF AMERICA, ARIZONA

91-170/1221

6042

4/22/2004

PAY

**TO THE
ORDER OF**

Yavapai Cnty Treasurer

\$ **5,139.94

Five Thousand One Hundred Thirty-Nine and 94/100*****

DOLLARS

Yavapai Cnty Treasurer
1015 Fair Street
Prescott, AZ 86305

MEMO

parcels 918-70-976, 918-70-970

[Signature]
AUTHORIZED SIGNATURE

⑈006042⑈ ⑆122101706⑆ 000252410980⑈

⑈0000513994⑈

Security features. Details on back.

US DATE 04/27/04
04/27/04 15:00 AZ P01
3150157003

BANK ONE, N.
1119013314
64262004
5440424424

04202004
14936

COMPANY NAME Oak Creek Water Co. No. 1

YEAR ENDING 12/31/2004

INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported	<u>-0-</u>
Estimated or Actual Federal Tax Liability	<u>-0-</u>

State Taxable Income Reported	<u>-0-</u>
Estimated or Actual State Tax Liability	<u>-0-</u>

Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances	<u>-0-</u>
Amount of Gross-Up Tax Collected	<u>-0-</u>
Total Grossed-Up Contributions/Advances	<u>-0-</u>

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.

SIGNATURE

DATE

PRINTED NAME

TITLE

**VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only**

APR 15 2005

VERIFICATION

STATE OF Arizona

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)
<u>Yavapai</u>
NAME (OWNER OR OFFICIAL) TITLE
<u>Cynthia N. Rovey, Secretary/Treasurer</u>
COMPANY NAME
<u>Oak Creek Water Co. No. 1</u>

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
<u>12</u>	<u>31</u>	<u>2004</u>

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2004 WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)

\$ 315,547.22

(THE AMOUNT IN BOX ABOVE
INCLUDES \$ 34,614.22
IN SALES TAXES BILLED, OR COLLECTED)

****REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)**

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

12th

DAY OF

(SEAL)

MY COMMISSION EXPIRES Jan 23, 2007

Cynthia N. Rovey
SIGNATURE OF OWNER OR OFFICIAL
(928) 282-3404
TELEPHONE NUMBER

COUNTY NAME
<u>Yavapai</u>
MONTH
<u>April</u>
<u>2005</u>



**VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
INTRASTATE REVENUES ONLY**

APR 15 2005

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME) Yavapai	
NAME (OWNER OR OFFICIAL) <i>Cynthia N. Rovey</i>	TITLE <i>Secretary/treasurer</i>
COMPANY NAME Oak Creek Water Co. No. 1	

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2004

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2004 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES

\$ 212,397.29

(THE AMOUNT IN BOX AT LEFT
INCLUDES \$ 22,681.45
IN SALES TAXES BILLED, OR COLLECTED)

***RESIDENTIAL REVENUE REPORTED ON THIS PAGE
MUST INCLUDE SALES TAXES BILLED.**

Cynthia N. Rovey
SIGNATURE OF OWNER OR OFFICIAL
(928) 282-3484
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

12th

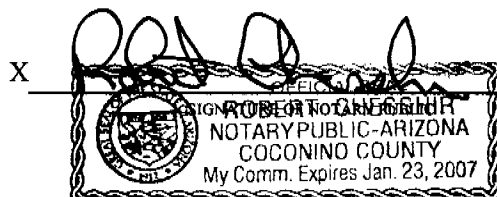
DAY OF

(SEAL)

MY COMMISSION EXPIRES

JAN 23, 2007

NOTARY PUBLIC NAME <i>Robert Chesshir</i>	
COUNTY NAME <i>Yavapai</i>	
MONTH <i>April</i>	20 <u>05</u>



FINANCIAL INFORMATION

Attach to this annual report a copy of the companies' year-end (Calendar Year 2004) financial statements. If you do not compile these reports, the Utilities Division will supply you with blank financial statements for completion and filing. **ALL INFORMATION MUST BE ARIZONA-SPECIFIC AND REFLECT OPERATING RESULTS IN ARIZONA.**

Financial Statements

**of
Oak Creek Water Company
For the Period Ended December 31, 2004**

**** See Accountant's Compilation Report ****

Clifford K. Wadhams
Accountant

830 S. Main Street, Ste 1F
Cottonwood, AZ 86326

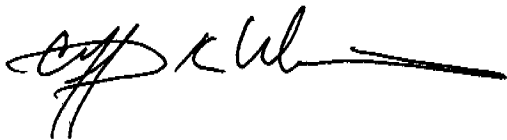
Phone (928) 634-8821
FAX (928) 649-2878

Board of Directors
Oak Creek Water Company No.1, Inc.
Sedona, Arizona

I have compiled the balance sheet of OAK CREEK WATER COMPANY, NO.1 as of December 31, 2004 and income statement for the twelve months ended December 31, 2004.

The compilation was limited to presenting in the form prescribed by the Arizona Corporation Commission, information that is the representation of management. I have not audited or reviewed the financial statements referred to above and, accordingly do not express an opinion or any other form of assurance on it.

The prescribed form omits substantially all disclosures required for fair presentation in conformity with generally accepted accounting principles because it has been prepared in a format prescribed or permitted by the Arizona Corporation Commission. Accordingly, this financial statement is not designed for those who are not informed about such matters.



April 7, 2005

Oak Creek Water Company
Balance Sheet
December 31, 2004

ASSETS

Current Assets

Petty Cash	\$ 75.00
Bank of America - Checking	75,319.72
Paine Webber Investment	297,082.91
Returned Checks	197.08
Accounts Receivable	19,644.87
Allowance for Doubtful Account	(805.39)
Inventory	<u>8,581.87</u>

Total Current Assets

\$ 400,096.06

Fixed Assets

Franchise Costs	4,276.80
Land	15,500.14
Structures & Improvements	224,747.00
Wells	101,588.00
Pumping Equipment	48,667.77
Distribution Reservoirs and Sta	160,246.00
Transmission Lines	568,888.00
Services	15,352.00
Meters	28,858.07
Hydrants	5,759.00
Office Equipment	4,422.44
Transportation	25,636.00
Tools, Shop and Garage Equip	45,856.00
Communication Equipment	33,300.00
Miscellaneous Equipment	1,493.00
Accumulated Depreciation	<u>(762,041.00)</u>

Total Fixed Assets

522,549.22

Other Assets

Pre-Paid Insurance	<u>2,981.47</u>
--------------------	-----------------

Total Other Assets

2,981.47

Total Assets

\$ 925,626.75

Oak Creek Water Company
Balance Sheet
December 31, 2004

LIABILITIES AND EQUITY

Current Liabilities

Cutomer Dep to Refund	\$ 1,480.00
Advance for Construction	150.00
FICA Payable	1,299.60
FWH Payable	906.00
SWH Payable	799.08
FUTA Payable	40.49
SUTA Payable	4.58
Workmens Comp Payable	635.03
Sales Tax Payable	372.13
Az Water Tax Payable	31.90
Franchise Fee Payable	1,657.26
Accrued Property Tax	<u>2,172.69</u>

Total Current Liabilities	\$	9,548.76
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Long Term Liabilities

Adv in Aid to Const	218,031.38
Contributions in Aid of Const	355,130.00
Less; Amort of Contributions	<u>(281,144.83)</u>

Total Long Term Liabilities		292,016.55
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Equity

Additional Paid in Capital	17,605.00
Retained Earnings	549,478.00
Current Income (Loss)	<u>56,978.44</u>

Total Equity		<u>624,061.44</u>
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Total Liabilities & Equity	\$	<u>925,626.75</u>
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Oak Creek Water Company
Income Statement
For the Period Ended December 31, 2004

	12 Months Ended Dec. 31, 2004	Pct
Revenue		
Water Sales	\$ 264,061.78	90.55
Sales for Resale	16,996.29	5.83
Service Est Fees	3,990.00	1.37
Late Charge Fees	2,650.00	0.91
Interest/Dividend Income	3,120.73	1.07
Other Income	410.42	0.14
Return Item Fees	20.00	0.01
Reimbursed Cost of Breaks	383.58	0.13
Total Revenue	291,632.80	100.00
Operating Expenses		
Officer Salaries	21,748.56	7.46
Management Salaries	80,414.88	27.57
Pager Allowance	600.00	0.21
IRA Contributions	2,000.00	0.69
401(k) Contributions	2,128.68	0.73
Employee Benefits	4,283.20	1.47
Payroll Taxes	8,190.55	2.81
Workmens Compensation Ins.	2,366.03	0.81
Power for Pumping - APS	34,329.09	11.77
Telephone - Signal Line	1,875.90	0.64
Repairs to Plant	11,019.21	3.78
Plant Maintenance	2,424.14	0.83
Transportation Expense	2,975.86	1.02
Office Supplies	1,409.65	0.48
Bank Fees	17.79	0.01
Postage	2,516.64	0.86
Telephone	1,203.18	0.41
Contract Svcs - Accting	4,075.00	1.40
Contract Svcs - Testing	2,489.30	0.85
Contract Svcs - Other	1,803.37	0.62
Rental of Building	25.00	0.01
Interest Expense	43.20	0.01
Insurance - Vehicles	1,384.08	0.47
Insurance - Gen Liab	3,656.04	1.25
Insurance - Work Comp	84.00	0.03
Advertising	84.00	0.03
Property Taxes	10,416.94	3.57
Other Taxes	(37.21)	(0.01)
Regulatory Commission Exp	618.99	0.21
Dues & Subs	820.35	0.28
Miscellaneous Expenses	459.95	0.16
Director's Fees and Expenses	84.00	0.03
Bad Debt	393.19	0.13
Office Utilities	1,595.43	0.55
Repairs & Maint - Office	418.20	0.14

** See Accountant's Compilation Report **

	12 Months Ended Dec. 31, 2004	Pct
Depreciation	38,563.00	13.22
Contra Amort of Contributions	<u>(11,825.83)</u>	<u>(4.06)</u>
Total Expenses	<u>234,654.36</u>	<u>80.46</u>
Operating Income	<u>56,978.44</u>	<u>19.54</u>
Net Income (Loss)	\$ <u>56,978.44</u>	<u>19.54</u>

** See Accountant's Compilation Report **